

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: February 2, 2007

Bill Number: S.B. 366

Authors: Hayes, Land, Courson, Matthews, Grooms and Richardson

Committee Requesting Impact: Senate Finance

Bill Summary

A bill to amend Section [6-1-50](#), as amended, Code of Laws of South Carolina, 1976, relating to reporting by counties and municipalities to the Office of Research and Statistics of the State Budget and Control Board, so as to change the reporting date; to amend Section [6-1-320](#), as amended, relating to the limit on property tax millage increases, so as to provide that a reduction in population and a decline in the consumer price index does not decrease the applicable limit; to amend Sections [11-11-155](#) and [11-11-156](#), relating to the Homestead Exemption Fund and the manner in which the school districts of the state receive revenues from the Homestead Exemption Fund, so as to clarify the method of determining and calculating these payments, providing the schedule of the payments to school districts, specifying the source of the two and one-half million dollar minimum payment to a county for school districts in the county, and specifying when a remaining balance in the homestead exemption fund is remitted to counties for purposes of the county operating millage property tax credit for owner-occupied residential property; to amend Section [12-37-670](#), as amended, relating to the optional acceleration of listing real property for property tax, so as to allow a county ordinance implementing the acceleration to use a monthly, quarterly, or semi-annual schedule, provide for the assessor to do these listings, eliminate provisions providing for payment in the succeeding tax year, and provide that additional tax is due on the value of the improvements listed without regard to a tax receipt issued earlier for payment on the unimproved property; to amend Sections [12-37-3130](#), [12-37-3140](#), and [12-37-3150](#), relating to definitions, valuation, and assessable transfer of interest, for purposes of the South Carolina Real Property Valuation Reform Act, so as to delete references to "beneficial use", to revise the definition of "conveyance" and provide that transfers occur when instruments are executed without reference to the date of recording and to provide that failure to record gives rise to no inference or to whether or not a transfer has occurred, to clarify the date and property tax year for which revised values apply, delete unit valuation real property from the applicable limits, and provide that the transfer of an interest in a timeshare unit does not result in an assessable transfer of interest; and to amend Section [12-60-2510](#), as amended, relating to property tax appeals, so as to provide that in nonreassessment years, an appeal made before the first penalty date for taxes for the year applies for that year and an appeal filed on or after that date applies for the next year.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues.

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Explanation

Section 1 of this bill changes the date financial reports are due to the Office of Research and Statistics from November 15 to January 15.

Section 2 of this bill clarifies that if negative CPI or population occurs, a zero is to be used for the growth factor used to compute the millage limitation cap

Section 3 of this bill clarifies how the school districts are going to be reimbursed. This Section divides the Homestead Exemption Fund into three tiers. Tier one is the Current \$100,000 school operating exemption and will continue to be funded like it is under current law. Tier two is the school operating portion of the current \$50,000 Homestead Exemption given to persons 65+ blind or disabled. Tier two reimbursements will continue to be funded like they are under current law. Tier three is the revenue generated by the additional one cent sales tax. This Section also clarifies that only Tier three reimbursements grow in the second year and beyond. This Section also spells out how the school districts will be reimbursed from the Homestead Exemption Fund. The attached table details these tier three disbursements on a monthly basis beginning in October. This Section also clarifies that the minimum \$2.5 million distribution is calculated only from the Tier three reimbursements. Finally, this Section clarifies any remaining revenue in the Homestead Exemption Fund remaining after all payments for Tier one, two and three will go to the counties in the next fiscal year for a credit against property tax liability for county operations on owner-occupied homes.

The remaining Sections make technical changes to the bill and are not expected to impact State revenues.

/s/ WILLIAM C. GILLESPIE, Ph.D.

William C. Gillespie, Ph.D.
Chief Economist

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.